



To: All CDBG & HOME Recipients
From: IHFA Federal & State Programs
Date: September 28, 1998

Notice: FSP-98-16

Re: Use of IHFA's First Home Program With HOME HOC/DPA

This notice is being distributed to clarify issues surrounding the use of IHFA's First Home Program (below-market interest rate loans) in conjunction with a HOME award for Homeownership Counseling/Down Payment Assistance (HOC/DPA). IHFA has received questions regarding whether or not grantees could offer these programs together. This memo will address those questions.

The HOME HOC/DPA activity allows local units of governments and not-for-profit organizations to provide pre- and post-purchase homeownership counseling services. The counseling must be partnered with down payment assistance for those families. The program allows for up to \$10,000 in down payment assistance per household.

IHFA encourages and fully supports the use of our First Home program as an excellent tool for providing affordable first mortgages to the homebuyers that have been counseled. IHFA's First Home mortgage program offers below market interest rates on mortgages for first-time homebuyers. By definition, this term includes those who have not owned a home in the past three years as well. **Two important notes to make: (1) IHFA's First Home Plus Program, which offers down payment assistance in conjunction with a below-market interest rate mortgage, cannot be used with the HOC/DPA activity; and (2) the below-market rates on the First Home mortgages cannot be used to derive a source of match.**

This memo should address all questions received to date. If you have any additional questions regarding this information, please contact your Development Specialist at (317) 232-7777.

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